

EXHIBIT 4

May 15, 1986 Letter, Department Of State Lands To W.R. Grace

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DEPARTMENT OF STATE LANDS



TED SCHWINDEN, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620

May 15, 1986

W.R. Grace & Company
Attn: Mr. William McCaig
P.O. Box 609
Libby, MT 59923-0609

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Re: Request for Amendment to Operating Permit #00010

Dear Mr. McCaig,

I apologize for not having responded sooner to your request for an amendment to W.R. Grace's operating permit. Areas of anticipated disturbance have been planimetered from the maps provided earlier this year. The calculated five year expansion will approximate 369 acres according to our estimates. An expansion of this size is considered a major amendment and requires considerably more information to be submitted than what I had conveyed to you earlier this year. Since the inception of the Metal Mine Reclamation Act in 1974, W.R. Grace's status has been that of a "Grandfathered Mine". Such status made it exempt from having to submit specific details about it's mining plan, ore beneficiation, waste rock disposal and reclamation. The Metal Mine Reclamation Act does have authority to regulate post 1974 amendments to all mines licensed and operating in Montana regardless of when mining began. Recent Departmental policy has been toward updating files on mines presently licensed and operating. Given the recent ruling that the Montana Environmental Policy Act (MEPA) is considered substantive, this Department is required by law to mandate environmental baseline information prior to issuance of any new operating permits or approval of major amendments to existing mine operations. In light of MEPA's requirements and the lack of specificity of information concerning reclamation practices and intentions presently on file with this Department, it is necessary for W.R. Grace to document and submit additional environmental baseline data for areas earmarked for expansion before approval of the amendment can be granted.

This Department is aware that this will be W.R. Grace's first experience at meeting the new mandated criteria for amendment approval. State Lands will offer as much assistance as possible to help meet this criteria. For your convenience I have included a recent amendment submitted by Zortman Landusky for a 93 acre expansion of the mining operation as an example. The format illustrated in this example is typical of that now considered acceptable for approval. On May 29, 1986, Gary Lynch and myself would like to meet with you to discuss your proposed amendment and reclamation of presently mined out

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sections of Vermiculite Mountain. Gary will be contacting you in the near future for a definite meeting time and place.

If you have any questions prior to our May meeting don't hesitate to contact us.

Sincerely,

Dennis Smith
Hydrologist
Hardrock Bureau
Reclamation Division

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